



SENSATA TECHNOLOGIES HOLDING PLC

**INDEPENDENT EXPERT  
REPORT**

26 OCTOBER 2017



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To The Directors of  
Sensata Technologies Holding Plc

Dear Sirs,

**Re: INDEPENDENT EXPERT REPORT**

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**1. INTRODUCTION**

BDO LLP (“BDO”) has been appointed as an independent expert to prepare a single report on the draft terms of the merger (the “Merger Proposal”) of Sensata Technologies Holding Plc (“Sensata UK”) and Sensata Technologies Holding N.V. (“Sensata NL) (together the “Merging Companies”). The report has been prepared pursuant to paragraph 9 of Part 2 of The Companies (Cross-Border Mergers) Regulations 2007.

**2. PURPOSE OF THE REPORT**

The purpose of the report is to document our review of the Merger Proposal and conclude as to whether the share exchange ratio set out for the Merging Companies in the Merger Proposal are reasonable. In particular, the report will indicate the methods that have been used to calculate the share exchange ratio, whether these methods are appropriate, the values arrived at using each method and any specific valuation difficulties that exist.

**3. INDEPENDENT EXPERT**

Our work is independent in nature and does not constitute any recommendation to the Merging Companies’ Boards of Directors, shareholders or any third parties on the position they should take with regard to the planned merger.

**4. DESCRIPTION OF THE MERGER TRANSACTION**

**4.1 Identification of the entities involved in the merger**

The merging companies are Sensata NL and Sensata UK.

Sensata UK is a public limited company incorporated in England and Wales and has its registered office at Interface House, Interface Business Park, Bincknoll Lane, Royal Wootton Bassett, Swindon, Wiltshire SN4 8SY, United Kingdom.

Sensata UK has a share capital of EUR 57,101 consisting of one ordinary share of EUR 1.00 and 57,100 non-voting redeemable shares of EUR 1.00 each held by the sole shareholder, MaplesFS UK Group Services Limited.

Sensata NL is a public company incorporated in Netherlands and has its registered office at Jan Tinbergenstraat 80,7559 SP, Hengelo, Netherlands and trades on the New York Stock Exchange (“NYSE”).

Sensata NL has a share capital of EUR 1,785,624.49 consisting of 178,562,449 ordinary shares of EUR 0.01 each, listed on the NYSE.

The table below sets out further information about each of the merging companies:

	<b>Sensata UK</b>	<b>Sensata NL</b>
Date of incorporation	4 August 2017	22 December 1988
Company number	10900776	24192692
Issued share capital	57,101	1,785,624.49
Nominal value per share	EUR 1.00	EUR 0.01

Sensata NL will be absorbed by Sensata UK and all issued shares of the capital of Sensata NL will be cancelled, including all treasury shares held by Sensata NL. All assets and liabilities of Sensata NL will be transferred under universal succession of title to Sensata UK.

#### **4.2 Merger share exchange ratio**

The share exchange ratios for the shares of the companies participating in the merger have been determined by the Board of Directors of Sensata UK and Sensata NL. The share exchange ratio for Sensata NL is set out below:

- 1 ordinary share of Sensata UK, each having a nominal value of EUR 0.01, for every 1 share of Sensata NL, each having a nominal value of EUR 0.01.

#### **5. VALUATION METHOD USED TO DETERMINE THE SHARE EXCHANGE RATIOS**

The merger share exchange ratio is based on the market capitalisation of Sensata NL.

Sensata NL currently has a market capitalisation of EUR 1,785,624.49 consisting of 178,562,449 ordinary shares of EUR 0.01 each.

As per the terms of the Merger Proposal, Sensata NL will receive one share in Sensata UK valued at EUR 0.01 for every share they currently hold in Sensata NL. Therefore, the value of the consideration received by Sensata NL shareholders is equivalent to the market capitalisation of Sensata NL.

#### **6. SCOPE AND PROCEDURES OF OUR WORK**

Our work has been carried out prepared pursuant to paragraph 9 of Part 2 of The Companies (Cross-Border Mergers) Regulations 2007. The following procedures were performed:

##### **6.1 Obtaining the following information**

- Merger Proposal of merger between the Sensata UK and Sensata NL; and
- Merger share ratio as determined by the Directors of the Merging Companies;

## 6.2 Other procedures

- Review and analysis of the Merger Proposal prepared by the Board of Directors of Sensata UK and Sensata NL;
- Review and analysis of the valuation method adopted by the Boards of Directors of Sensata UK and Sensata NL to determine the merger share exchange ratio;
- Obtaining representation letters from the Directors of Sensata UK and Sensata NL, in which they confirm that, to the best of their knowledge, they have provided us with all of the information considered to be relevant for the preparation of our independent expert report, and that there have been no events between the date of the Merger Proposal and the date of this report that may substantially modify the agreed exchange ratios and, subsequently, our conclusions.

## 7. SPECIAL VALUATION DIFFICULTIES

Valuation is not a series of factual investigations. At its core lies the judgement of the individual valuer. Therefore, it is possible for experienced valuers relying on the same factual information to arrive at different values from each other by virtue of their judgement regarding the future of the company.

There are no issues with valuation methodology adopted by the Directors of Sensata UK and Sensata NL.

## 8. CONCLUSION

Based on the work performed, which was performed pursuant to paragraph 9 of Part 2 of The Companies (Cross-Border Mergers) Regulations 2007, we consider that in the context of the merger being reviewed:

- The valuation method adopted by the Boards of Directors of the Merging Companies is appropriate for determining the merger share exchange ratio to be applied to each of the Merging Companies; and
- The merger share exchange ratio proposed by the respective Boards of Directors is justified and reasonable.

Our conclusions should be interpreted within the context of the scope of our work. We assume no responsibilities in respect of our conclusion other than those related to the reasonableness of the valuation methods used and the proposed exchange ratio.

BDO LLP

*David Mitchell*

David Mitchell

Partner